TEACHERS' PENSION PLAN ONTARIO

Pension News

INFORMATION FOR RETIRED TEACHERS AND THEIR SURVIVORS WINTER 2003/2004

Pensions increase 3.3% in January

The annual inflation increase has been set at 3.3 per cent for 2004.

For a member collecting an annual pension of $36,000, the increase will provide an extra $1,188 in before-tax income next year.

The amount of your new monthly pension, after taxes are deducted, will be shown in a direct deposit notice we will send to you by the end of January.

The Teachers' plan is one of only a few pension plans that provides 100 per cent inflation protection. Increases are capped at eight per cent a year, with any excess carried forward to future years. Pensions are adjusted every January to reflect changes in the Consumer Price Index (CPI), a weighted basket of goods and services typically purchased by Canadian households in a month.

Annual pension	Increase in 2004
$ 15,000	$ 495
$ 20,000	$ 660
$ 25,000	$ 825
$ 30,000	$ 990
$ 35,000	$ 1,155
$ 40,000	$ 1,320
$ 45,000	$ 1,485
$ 50,000	$ 1,650

See how much pensions will increase, before deductions, when the adjustment goes into effect in January.

If you started your pension in 2003, your increase will be pro-rated to reflect the number of months you collected a pension during the year. For example, if you began your pension last July, you will receive half the increase, or 1.65 per cent more, in January.

Please see related article on page 2

Retired teacher Bill Hamblen values his inflation-protected pension. He and his wife Margot operate a Christmas tree farm near Athens, Ont.

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Member's pension has quadrupled

Judy Smith's annual pension is four times the size it was when she retired in 1974.

It's the same story for other pensioners who began collecting their pensions during a period of galloping inflation that topped out at 12.4 per cent in 1981.

Pensions haven't risen as dramatically in recent years when inflation was more moderate.

Have a look at the chart to see how CPP-reduced pensions have grown as a result of annual inflation increases.

Pension begins	Starting pension	Current pension
1975	$9,000	$34,000
1980	14,000	34,800
1985	22,000	36,800
1990	29,000	39,300
1995	37,000	43,800

Inflation protection accounts for about 30 per cent of the cost of providing your pension.

Did you know?

- The average age of a teacher at retirement: 56
- The average age of all pensioners: 66
- Number of years a typical pension is paid to a member: 30
- Number of years a typical pension is paid to a survivor: 5

Children may receive survivor pension

Your children may be entitled to an indexed survivor pension if you die without an eligible spouse.

To qualify for a survivor benefit, your children must be dependent on you at the time of your death and be:

- under age 18; or
- 18 to 24 years inclusive and in full-time, continuous education.

Survivor pensions are also available to your dependent children if your eligible spouse dies.

If you retired from teaching during 1987, 1988 or 1989, children who are age 18 or older must be attending – on a full-time, continuous basis – secondary school or, for up to five years after that, a post-secondary institution.

If you retired after 1989, disabled children who are still dependent on you when you die are also eligible for a survivor pension for life.

Survivor pensions are also available to your dependent children if your eligible spouse dies, after you, while receiving a pension.

If you have more than one dependent child, the survivor pension is divided evenly and the divided amount is payable to each child for as long as he or she qualifies for it.

A child age 18 or older receives the survivor pension directly, while payments for a minor are provided to the court-appointed guardian of the child's property. If there is no guardian, they are paid into court until the child reaches age 18.

Who's entitled to a survivor pension?

Your spouse's eligibility for a survivor pension can depend on many factors. This article covers the general rules used to determine who is entitled to an indexed survivor pension when you die. If in doubt about your spouse's status, call us.

Left teaching and started pension before 1988

The Teachers' pension plan provides a survivor pension to your married spouse (or common-law spouse if you retired after Sept. 1, 1984), provided that person was your spouse on the date you left your teaching job *and* on the date of your death. That means a divorced spouse or former common-law partner is not entitled to a survivor pension when you die. However, a separated spouse is still eligible for benefits as long as you remained married on your date of death.

A common-law spouse is someone of the opposite sex who, on the date you retired from teaching, had been living with you in a conjugal relationship for at least five continuous years (three years after Feb. 28, 1986) or for a shorter period if you are the natural parents of a child.

Left teaching before 1990; pension started after 1987

The rules are more complex if you fall into this situation because of changes in pension law. Contact us if you need to clarify your spouse's eligibility for a survivor pension.

Left teaching and started pension after 1989

The married or common-law spouse you had when you received your first pension payment is entitled to the survivor pension even if you have since separated, divorced or remarried.

A common-law spouse is someone who, on the date you received your first pension payment, had been living with you in a conjugal relationship for at least three continuous years or for a shorter period if you are the parents of a child.

If you had a same-sex common-law partner when you received your first pension payment, he or she is entitled to a survivor pension upon your death, provided your pension started after April 22, 1998, when the courts began to recognize same-sex spouses.

New spouse

If you did not have a spouse when you began to collect your pension, or you did but that spouse has since died, you can apply for a survivor pension for your new spouse. Your future pension will be reduced significantly to provide for the benefit. Deadlines apply so be sure to contact us as soon as possible. Medical proof confirming that you remain in good health for your age may be required before an application for benefits is approved.

If you have eligible dependent children you can still apply for the benefit, but your new spouse cannot collect it until your dependent children are no longer receiving a pension.

More information

Your spouse is identified in your personal pension file. You can view your file any time on *i*Access, our secure member Web site. To access the site, you must be a registered user. If you aren't registered, call us to sign up. All you need is a few minutes and an active e-mail account.

You can reach us weekdays, between 8 a.m. and 5:30 p.m., at 416-226-2700 or toll-free at 1-800-668-0105. ■

Part two of an ongoing investment series

Inflation-sensitive assets match benefits

The Teachers' pension plan is stepping up its invesment in inflation-sensitive assets.

Inflation-sensitive assets – real estate, real-return bonds, infrastructure and commodities – have stable returns that tend to rise with inflation. This makes them a good match to the plan's benefits because teachers' pensions are indexed to inflation.

Inflation-sensitive investments account for more than 30 per cent of our assets, or about $20 billion.

"Inflation-sensitive assets are an ideal match for the pension plan over the long term. This is because we pay pensions indexed to inflation and inflation-sensitive assets, as the name suggests, normally increase in value with inflation," said Leo de Bever, Teachers' Senior Vice-President, Research & Economics.

Leo de Bever
Senior Vice-President, Research & Economics

Infrastructure

We moved into infrastructure investments two years ago. To date, about $1.5 billion is invested in assets ranging from the international airport in Sydney, Australia, to a high-voltage electricity transmission system in Alberta.

Infrastructure is believed to be a good investment for the future as governments look to broaden their access to capital to finance growing infrastructure requirements.

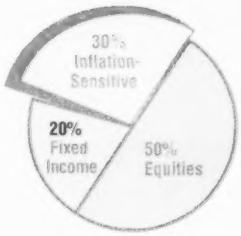
Real-return bonds

Real-return bonds pay a return that is indexed to inflation as measured by the Consumer Price Index (CPI). We hold real-return bonds issued by the Government of Canada, Province of Quebec, Highway 407 and the U.S. Treasury, as well as inflation-linked mortgages guaranteed by Canada Mortgage and Housing Corporation.

Real estate

About a third of our inflation-sensitive assets are invested in real estate. We own many prized office complexes and shopping malls in the country, including the Toronto-Dominion Centre and Toronto Eaton Centre. Since 2000, our real estate portfolio has been managed by Cadillac Fairview, a wholly owned subsidiary of the Teachers' plan. More information on our real estate portfolio will be provided in a future issue of *Pension News*.

Asset mix policy



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Inflation-sensitive assets match benefits

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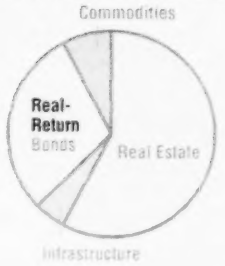
Commodities

Commodities include agricultural products and natural resources such as oil, metals and timber. They are traded on a separate commodities exchange, usually through contracts to buy or sell the items at a future date. Commodities help to diversify the risk of the total fund. They generally have high real returns when there is unanticipated inflation. We invest in commodities through the Goldman Sachs Commodity Index, which is heavily weighted to oil and gas.

Inflation-sensitive assets



Puzzled by pensions? Take the challenge!

See how pension literate you are. Use the clues in the right column to unscramble the pension words in the left column. Write the unscrambled words in the middle column. When you have unscrambled all the words, identify the mystery word at the bottom of the quiz by unscrambling the seven letters in circles in the middle column.

Scrambled word(s)	Answer	Clues
1. vurrisov	◯□□□□□□□□	Your spouse may receive this type of pension after your death.
2. PCP	□□◯	This pension plan is integrated with the Teachers' plan.
3. lfniaonit	□□□□□□□□◯	Your pension increases each year because of this.
4. ocso-opsnsr	□□-□□□◯□□□□	The OTF and government are _____ of the plan.
5. vitsne	□□□◯□□	We do this with pension assets.
6. rtocfa	□□□□◯□	Teachers qualify to retire when they reach their 85...?
7. eddefni tfibeen	□□□□□□□ □□□□□◯□	What type of pension plan is the Teachers' plan?
The mystery word is:	◯◯◯◯◯◯◯	

Answers 3. inflation 6. factor
1. survivor 4. co-sponsors 7. defined benefit
2. CPP 5. invest Mystery word: pension

How to teach and still collect your pension

You can teach for 95 days each school year and still collect your pension, no matter how many days you may have taught in the past. If you are thinking about returning to teach, here's what you need to know about plan provisions that apply until Aug. 31, 2006.

What counts as re-employment?

For pension plan purposes, you are considered to be re-employed in teaching if you:

- work in any capacity for a school board in Ontario
- work in a designated capacity for an organization, such as a faculty of education, which participates in the plan under a special agreement
- work as a teacher
  - under an authorized exchange program;
  - for a designated private school in Ontario;
  - for an Ontario government ministry; or
  - for the Metropolitan Toronto and Region Conservation Authority

Education consultants, school librarians, exam markers and classroom teachers are among the members covered by the re-employment rules. If you aren't sure whether you are re-employed in teaching, contact us.

Taking it to the limit

It's your responsibility to track the number of days you teach. Actual days count. For example, if you are on a half-time contract for two months, count 20 or 21 days (one month) toward your teaching limit. If you work on an hourly basis, ask your employer what constitutes a day for pension plan purposes.

When you reach day 96, notify us and your employer, providing a date when you will stop teaching. Your employer will begin deducting contributions from your pay on the 96th day of re-employment. We will suspend your pension the month after the month in which you reach the limit. For example, if you reach day 96 on Feb. 15, we will suspend your March pension payment, provided you still are teaching March 1. Your pension will remain suspended for every month in which you teach, even if it is for only one day.

Once you stop teaching, confirm this in writing so we can start your pension again. Your contributions will be refunded later, after we reconcile information provided by your employer.

Education consultants, school librarians, exam markers and classroom teachers are among the members covered by the re-employment rules.

When deciding whether or not to return to teaching consider the following:

- If you return to teach for a full year, you can stop your pension and begin contributing to the plan right away. Contact us before you do this. When you retire again, we will recalculate your pension to include the additional service.
- If you retire and return to teach in the same school year, the days you worked before you retired don't count toward the 95-day total.
- You can resign and apply for your pension, then begin to teach again while you wait to receive your first pension payment.
- Teaching limits don't apply to pensioners aged 69 or older.

More information

See our fact sheet Teaching after Retirement for more information. It's available on our Web site – www.otpp.com – or by calling 416-226-2700 or 1-800-668-0105.

You Asked Us

Q *When will I receive my T4A?*

A Most T4A slips are mailed in late January, in time to file your income tax return. If you haven't received your slip by the end of February, please let us know.

Q *How is the plan involved in Maple Leaf Foods' acquisition of Schneiders?*

A Maple Leaf Foods Inc. is acquiring Schneiders Corp. for $515 million from U.S.-based Smithfield Foods Inc. The deal is likely to close at the end of this year. We have agreed to buy up to $150 million in shares if required by Maple Leaf Foods within a year of the purchase. The $150 million commitment demonstrates the plan's support for the future of the company as a major food producer. The Teachers' plan owns 40 per cent of Maple Leaf Foods, an investment valued at about $500 million.

Q *I got a call from a survey company that said they were calling on behalf of the pension plan. Did you hire a company to survey pensioners?*

A Yes, an independent research firm conducts hundreds of telephone surveys on our behalf every two weeks to assess the quality of our services. You may get a call if you recently contacted the pension plan. We also survey four times a year to assess how well we are communicating through *Pension News* and other avenues. It takes about five minutes to participate in a survey. We use the results to track our performance and to identify areas for improvement. If you are called, we urge you to participate.

Q *How do I arrange for my pension to be deposited in my new bank account?*

A We need your new banking information early in the month to deposit your pension in that account by the end of the month. Keep your old account open until your pension has been deposited in your new account. To make the change, we need a void cheque from your new account and a signed letter of authorization or completed Pension Payment Banking Request form. The form is available on our Web site – www.otpp.com – or by calling 416-226-2700 or 1-800-668-0105. If you can't provide a cheque, please provide your bank's name, address and branch transit number, as well as your account number.

Reesor to retire in March

Al Reesor, Executive Vice-President Member Services and Chief Information Officer, has announced his intention to retire in March.

"Since joining us in 1991, Al has made enormous contributions to the Teachers' plan," said President and CEO Claude Lamoureux.

Al Reesor

"He led the transformation of service to plan members to a truly outstanding level. Today, fast, personal and accurate service is the expected norm for our 155,000 active teachers and 93,000 pensioners. Al also led the evolution of the use of information technology to its current state of being indispensable for the effectiveness of both our investment and member services operations. We all wish Al a well-deserved long and happy retirement.

"I am currently reviewing our succession plans and expect to be able to make an announcement in that regard soon," said Claude.

How we protect your privacy

The Teachers' pension plan has codified its commitment to safeguard your personal information.

A new privacy code has been established, incorporating the principles we will follow to protect your privacy when we collect, use and dispose of personal information.

The principles reflect the strict privacy standards we already apply in the administration of the pension plan. For example, we:

- collect and use only that personal information required to administer the plan;
- never sell mailing lists;
- do not disclose information about you without your permission, unless required by law; and
- protect against the loss, theft and unauthorized access of your information.

To handle any concerns or complaints about your privacy, we have designated a senior staff member as our corporate privacy officer.

We also reviewed our privacy standards and practices to confirm they meet a model code incorporated in the federal privacy law that will apply to many organizations in 2004.

For example, *i*Access, our secure member Web site, uses different layers of security technology to achieve the same high level of protection as banks and other financial institutions. While *i*Access is secure, personal information should not be transmitted by Internet e-mail. We respond to e-mail requests for banking changes and other personal information by phone or mail to protect your privacy.

The privacy code will be posted on our Web site – www.otpp.com – by the end of the year. ■

Pension News

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We appreciate your comments about anything you read in *Pension News*. Please contact Debra Hanna at (416) 730-5351 or 1-877-812-7989 or e-mail: debra_hanna@otpp.com

This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.

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Holiday Closings

Client Services will be closed
Dec. 25–26 and Jan. 1–2.